

Message Text

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7?: MEETING WITH SWARAN SINGH: INDO- US TRADE

1. I HAD A LONG HOUR AND A QUARTER MEETING WITH SWARAN SINGH IN THE AFTERNOON OF JULY 25. IT COULD NOT HAVE BEEN MORE CORDIAL AND AT A CERTAIN LEVEL CONSTRUCTIVE.

2. HE WAS QUITE WARM ABOUT OUR RUPEE PROPOSAL, WHICH THEY MANIFESTLY SEE AS A MAJOR GESTURE TOWARD INDIA. I REPEATED MY INCESSANT LINE THAT THE PRESIDENT SEES THIS AS A MEANS OF MOVING FROM A PAST ERA TO A FUTURE ONE IN OUR RELATIONS, THAT HE WISHES THIS GREAT INCUBUS TO BE REMOVED SO THAT WE MIGHT DEVELOP RELATIONS OF EQUALITY AND MUTUAL ADVANTAGE. I NOTED THAT THE RUPEE NEGOTIATIONS WERE TO BE BUT THE FIRST SET OF THREE WHICH WE SAW AS CASCADING ONE INTO THE OTHER: RUPEES, AID, TRADE.

3. ON AID HE SAID HE UNDERSTOOD THAT WE DID NOT WISH TO GO ABOUT "VENDING" OUR ASSISTANCE, BUT HOPED THAT WE UNDERSTOOD THAT THE INDIAN DESIRE FOR AMERICAN AID WAS, AS IT WERE, A GIVEN, SOMETHING THAT DID NOT NEED TO BE PROCLAIMED AS SUCH. I SAID THAT TOO MUCH HAD HAPPENED FOR THIS OTHERWISE OBVIOUS FACT TO BE OBVIOUS ANY LONGER. WE WOULD NOT "VEND" OUR AID, AND NEITHER WOULD WE ASK INDIA TO COME HAT IN HAND BEGGING FOR IT. BUT THE PRESIDENT'S STATE OF THE WORLD MESSAGE MAKES CLEAR THAT CONFIDENTIAL

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THE DEFINITION AND PROCLAMATION OF MUTUAL INTEREST WAS A PRECONDITION OF FURTHER ASSISTANCE. OUR TALKS WOULD SEARCH FOR SUCH DEFINITIONS AND IF SUCCESSFUL WOULD END IN SUCH PROCLAMATION.

4. THEN CAME TRADE. SUDDENLY HE BECAME ALMOST ANIMATED. HE IS SELLING. TRYING TO GET SOMETHING OUT OF ME. INDIA, HE EXPLAINED, ATTACHED MUCH GREATER IMPORTANCE TO TRADE THAN TO AID. INDIA'S COMMERCIAL INTERESTS ARE IN TROUBLED WATERS. THE ENTRY OF THE UK INTO THE COMMON MARKET MEANS THE EMERGENCE OF SERIOUS DIFFICULTIES BETWEEN INDIA AND BRITAIN AND EUROPE AT A TIME OF ESPECIAL DIFFICULTIES FOR INDIA. WHILE INDIA'S TRADE IS MINISCUL IN THE CONTEXT OF THE HUGE AMERICAN COMMERCIAL OPERATION, IT WAS OBVIOUSLY IMPORTANT TO INDIA. (TO WHICH I CAME FORTH WITH THE DATA FROM MY ONE AND ONLY SPEECH THUS FAR WHICH POINTS OUT THAT WE ARE INDIA'S FIRST TRADING PARTNER AND THAT SMALL INCREASES IN THEIR PERCENTAGE OF THE AMERICAN MARKET WOULD MEAN GREAT INCREASES IN THEIR EXPORTS.)

5. THE FOREIGN MINISTER THEN SAID, "I STRONGLY EMPHASIZE THAT THIS IS A MATTER TO WHICH WE ATTACH THE HIGHEST IMPORTANCE. IT IS NOT ONLY A SUBJECT OF GREAT SUBSTANCE IN ITSELF BUT THIS IS THE PSYCHOLOGICAL MOMENT TO MOVE FORWARD WITH IT. THINGS ARE IN FLUX IN EUROPE. OUR RELATIONS ARE STRAINED THERE. WE NEED MW RELATIONS. THIS IS THE TIME FOR US TO TALK." I AGREED. I SAID THAT IS WHAT I HAVE BEEN SAYING FOR SOME TIME, BUT THAT I HAD COME TO REALIZE THAT THEY WOULD HAVE TO GET AROUND TO FIGURING OUT WHAT FOUR AND ONE-HALF MILLION TONS OF GRAIN WOULD COST THEM BEFORE GETTING READY ON THEIR SIDE. THIS HAD HAPPENED, AS THE MORNING PRESS REPORTS OF THE OPENING OF PARLIAMENT INDICATED.

6. SWARAN SINGH THEN BEGAN PRESSING ME FOR DETAILS AS TO JUST HOW AMERICAN FIRMS COULD DO BUSINESS IN RUSSIA. THERE WAS, FOR EXAMPLE, NO ADVERTISING IN RUSSIAN NEWS-PAPERS. I SAID I DID NOT KNOW THE DETAILS, BUT I WOULD GENUINELY UNDERTAKE TO LEARN ABOUT THEM AND WOULD REPORT CONFIDENTIAL

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TO HIM. I SAID I DID NOT THINK AMERICAN FIRMS EXPECTED TO BE MERCHANDIZING IN RUSSIA, BUT THEN I REALLY DIDN'T KNOW AND REALLY WOULD TRY TO FIND OUT. (I SPARE YOU THE DETAILS, BUT HE WAS GENUINELY INTERESTED, TELLING TALES OF HIS DAYS AS STEEL MINISTER, COMPLETE WITH ANTI-COMMUNIST JOKES.) I SAID THAT THERE NEED BE NO MISTAKING ONE FUNDAMENTAL FACT, HOWEVER, WHICH IS THAT THE GOVERNMENT OF THE SOVIET UNION WANTS TO HAVE A CLOSE ECONOMIC RELATIONSHIP WITH AMERICAN FIRMS AND THE GOVERNMENT OF INDIA HAS NOT. HE DID NOT DISAGREE.

7. WE HAVE BEEN PRESSING A KIND OF VIEWPOINT HEREBOUTS WHICH HOLDS THAT IT IS IRONIC THAT THE SOVIET UNION IS

NOW GOBBLING UP ALL THAT CAPITALIST TECHNOLOGY AND INVEST-
MENT WHICH UNTIL THIS MOMENT ALL GOOD SOCIALIST COUNTRIES
WERE SUPPOSED TO FOREGO. AND COULD THIS IMPLY THAT IF
THE RUSSIANS GOT ALL THAT WAS AVAILABLE, THERE MIGHT BE
NOTHING FOR POORER COUNTRIES. IT MAY BE THE POINT IS
SINKING IN. IT MAY ALSO BE THAT THESE ARE SIMPLY THE
FACTS OF LIFE.

MOYNIHAN

CONFIDENTIAL

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